



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3250	1.2950
Spot Ref:	1.3139	
Tenor:	2 weeks	
Date:	17 Jul 2013	
Time:	10:38 hrs	
Resistance / Support:	1.3200	1.2992
Commentary:		



- Regions' refusal to toe government line stalls Spain's reforms (Tue 16-Jul).
- Greek workers on strike ahead of reform vote (Tue 16-Jul).

- German investor confidence unexpectedly falls (Tue 16-Jul).
- Jobless rate in Europe seen rising next year (Tue 16-Jul).

Fed Chairman Bernanke backed sustained stimulus for the foreseeable future even as the minutes of June meeting showed them debating whether to halt bond buying this year. "Highly accommodative monetary policy for the foreseeable future is what's needed in the US economy". Bernanke said that the FOMC may opt to hold interest rates near zero even after unemployment reaches 6.5% due to the possibility of low inflation. Also, the jobless rate may understate the weakness in the labour market.

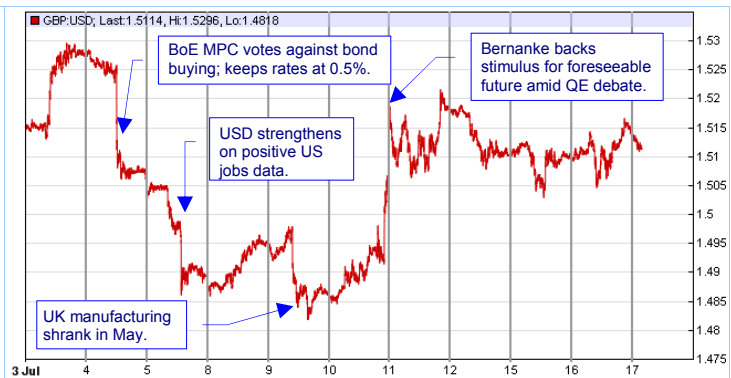
Spain's 17 semi-autonomous regions are hobbling PM Mariano Rajoy's efforts to drag the euro region's fourth-largest economy out of a 6-year slump. Rajoy's government is struggling to implement laws recommended by the ECB and IMF. ECB President Draghi, who spared Spain a full bailout a year ago, told EU lawmakers that "greater effort has to be put into structural reforms to restore competitiveness". Spain's 10-year borrowing cost climbed to 4.75%, after hitting a low for the year of 3.94% on May 3.

German investor confidence unexpectedly dropped in July, data showed Tuesday. The ZEW Centre for European Economic Research in Mannheim said its index of investor and analyst expectations fell to 36.3 this month from 38.5 in June. Economists in a Bloomberg survey had forecast a gain to 40.

Greek workers went on strike in protest at government plans to fire thousands of public sector employees. Greece must reform and shrink its civil service to receive more bailout funds but the latest plan of job cuts has sparked uproar among Greeks struggling with an unemployment rate of 27%. Greece's lenders, which have bailed it out twice with €240 billion in aid, have grown impatient with the slow progress it has made in streamlining a 600,000-strong public sector widely seen as corrupt and inefficient.

Unemployment levels will likely continue to rise in several European countries, the OECD said, predicted that the jobless rate for the countries that use the euro would rise from 12.2% to 12.3% by the end of next year. Many countries, like Greece, Spain and Portugal will see a much sharper increase as their economies struggle to recover.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5300	1.4950
Spot Ref:	1.5114	
Tenor:	2 weeks	
Date:	17 Jul 2013	
Time:	10:38 hrs	
Resistance / Support:	1.5220	1.4989
Commentary:		



- UK house prices rise to record as Rightmove doubles forecast (Mon 15-Jul).
- UK to grow 1.1% on consumer-spending growth: Ernst & Young (Mon 15-Jul).

- UK businesses in financial distress falling: report (Mon 15-Jul).
- Market watches for BoE minutes of Governor Mark Carney (due on Wed 17-Jul).

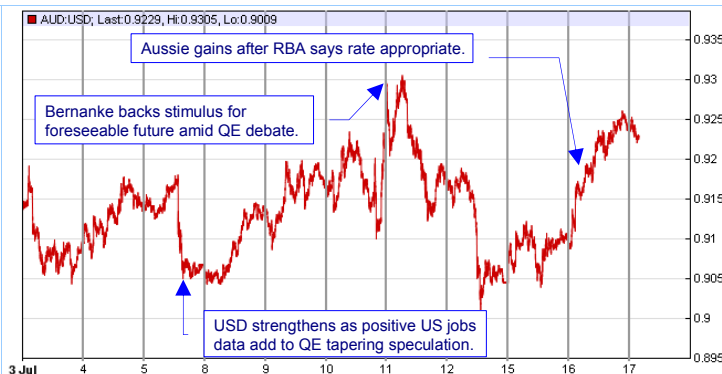
UK home sellers raised asking prices for a seventh month to a record in July, according to Rightmove, which said values will increase twice as much as previously forecast this year. Prices sought rose 0.3% to an average £253,658. Rightmove said values will now climb 4% this year instead of 2% previously. Asking prices in London were little changed at a record £515,379. From a year earlier, average prices in England and Wales rose 4.8%. In London, values surged 12% in the past year.

The number of British businesses experiencing 'critical' financial problems fell to 3,001 in Q2 from 4,947 in the same period in 2012, indicating "a significant turnaround in the health of the UK economy", Begbies Traynor said in its latest Red Flag Alert report. Begbies said the figures, which followed a 9% fall in Q1, represented the second highest year-on-year decrease since the beginning of 2011. Construction, professional services and financial services companies saw the biggest improvement, it said.

Britain's economy will grow faster this year than previously forecast as consumers cut into savings to keep spending, according to the E&Y Item Club. The UK economy will expand 1.1% this year, compared with an April forecast of 0.6% Growth will strengthen to 2.2% next year and 2.6% in 2015, both faster than previous estimates, it said.

The BoE minutes, due on July 17, will reveal how policy makers voted at Governor Mark Carney's first gathering. Investors boosted bets the pound would weaken even as the E&Y Item Club raised its UK growth forecast. The minutes will be absolutely critical because everyone will be looking at how Carney voted. If he voted for further bond purchases, we are probably going to see a further decline in the pound. The market is recalibrating its view on the fact that Carney is likely to be a dovish force at the BoE.

Base Currency: AUD USD
 Alternate Currency: USD AUD
 Strike Price: 0.9350 0.9000
 Spot Ref: 0.9229
 Tenor: 2 weeks
 Date: 17 Jul 2013
 Time: 10:38 hrs
 Resistance / Support: 0.9350 0.9048
 Commentary:



- Aussie capex drop is steeper than during the global financial crisis (Fri 12-Jul).
- Moody's Analytics says Aussie banks at risk in housing bubble (Mon 15-Jul).
- Aussie gains after RBA says rate appropriate after Aussie drop (Tue 16-Jul).
- China's slowing economy pressures RBA to cut rates (Mon 15-Jul).
- PM Rudd says Carbon Tax termination will cost budget A\$3.8 billion (Tue 16-Jul).

A cut in mining investment will leave Australia with a steeper capital expenditure downturn than during the global financial crisis, S&P said. Australia's strong investment spending growth is set to end, as global capex contracts in 2013 and 2014. Australian capex is tipped to fall by 12% in 2013 and more than 20% in 2014, reversing a 20% growth pace during the preceding two years. S&P's survey of 2,000 global non-financial companies found investment was likely to shrink in coming years.

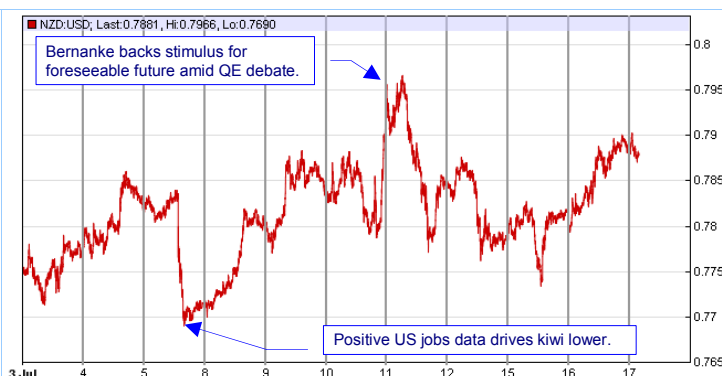
A slowing Chinese economy will keep the pressure on the RBA to cut the cash rate again, economists say. China, which is Australia's largest trading partner, released data on Monday showing its economy grew at an annual rate of 7.5% in the June quarter, after 7.7% in the March quarter and 7.9% in the December quarter.

Aussie banks have the world's highest exposure to home mortgages and have been warned to rein in lending to avoid a crisis caused by falling property prices. Moody's Analytics said home prices are overvalued and present a "major concentration risk" for Aussie banks with about 85% of the A\$1 trillion in mortgages controlled by its top 4 banks. It said that while the end of the China-fuelled mining boom may cause a slowdown, a severe crash in the economy and the property market appears unlikely.

Terminating the carbon tax will cost the budget A\$3.8 billion over the next four years, PM Kevin Rudd has confirmed, as he released details of his plan to switch to a European-style floating price system a year early, saving an average family A\$380 a year. The Government wants to move from a fixed carbon price of A\$24.15 a tonne to a floating price of about A\$6 by July 2014. The cost will be offset by new savings measures, including A\$1.8 billion raised by changing the fringe benefits tax for cars.

RBA said the currency's decline and past interest-rate cuts meant its policy setting was appropriate even as it maintained room for future reductions, according to minutes of its July 2 meeting. The decline in the Aussie dollar "was expected to add a little to inflation over time, but the forecast was for inflation to remain consistent with the target," the RBA said. Inflation data for Q2 is due to be released July 24. The RBA targets price increases of 2%-3%. The RBA said it was possible the Aussie dollar would depreciate further "as the terms of trade and mining investment declined, which would help to foster a rebalancing of growth in the economy".

Base Currency: NZD USD
 Alternate Currency: USD NZD
 Strike Price: 0.7950 0.7700
 Spot Ref: 0.7881
 Tenor: 2 weeks
 Date: 17 Jul 2013
 Time: 10:38 hrs
 Resistance / Support: 0.7918 0.7680
 Commentary:



- NZ services activity eases in June: survey (Mon 15-Jul).
- Rate rise pressure off RBNZ if construction costs remain contained (Tue 16-Jul).
- Inflation at 14-year low, cheap petrol keeps lid on housing pressures (Tue 16-Jul).

Expansion in NZ's services sector eased in June from a 7-month high the previous month, driven by a dip in deliveries and employment but still pointing to solid economic activity. The Bank of New Zealand-Business NZ's seasonally adjusted performance of services index fell to 55 in June from 56 in May, the highest since October 2012.

New Zealand's annual inflation slowed to a 14-year low in Q2, thanks to a drop in petrol prices that helped offset price pressures spilling over from the housing market. It may be the last quarter of tame inflation. The consumer price index rose 0.2% in Q2, just shy of the 0.3% expected by economists, for an annual pace of 0.7%, according to StatsNZ. That's the fourth quarter that the annual pace has been below RBNZ's target 1%-3% target band, and is the slowest annual pace since 1999.

Newly built house prices rose 1.7% in the quarter for an annual pace of 4.1%. Since construction pressures aren't pushing up prices in other goods and services, the RBNZ can keep rates on hold. The RBNZ has been reluctant to lift the key rate to head off the property market as it might stoke investors to buy the kiwi, further strengthening an "overvalued" currency. Instead, it's looking at limiting the amount of mortgage lending banks can make with small deposits.



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